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Message Text

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71
ACTION INR-10

INFO OCT-01 ARA-16 ISO-00 FEA-02 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-02 COME-00 DODE-00 EB-11 FPC-01 H-03

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 DRC-01 /145 W
---------- 087676
R 111357Z JUL 74
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 4621

UNCLAS CARACAS 06370

E.O. 11652: N/A
TAGS: EAID, EFIN, VE
SUBJECT: INFORMATION ON ECONOMIC ASSISTANCE BY VENEZUELA

REFS: A) STATE 135977; B) CARACAS 4116 MAY 9, '74;
C) CARACAS 4901 MAY 30, '74.

1. VENEZUELAN LOAN TO INTERNATIONAL MONETARY FUND AND VENEZUELAN INVESTMENT FUND REPORTED IN REFS B AND C.

2. SUBSEQUENTLY, VENEZUELAN INVESTMENT FUND FORMALIZED IN OFFICIAL GAZETTE #30.430 JUNE 21, 1974. INITIAL CAPITALI-ZATION IS BS 13 BILLION ($3,023,256,000) WITH FIFTY PERCENT OF TOTAL REVENUES FROM OIL EACH YEAR TO BE ADDED TO FUND. FUND WILL HAVE EXECUTIVE DIRECTOR OF VENEZUELAN NATIONALITY AND BE GOVERNED BY GENERAL ASSEMBLY OF FIFTEEEN. MINISTER OF FINANCE WILL BE CHAIRMAN, ASSISTED BY SIX OTHER MINISTERS, CHIEF OF CORDIPLAN, PRESIDENTS OF CENTRAL BANK, NATIONAL BANKING COUNCIL, WORKERS', CONFEDERATON, AND FEDECAMARAS, TWO REPRESENTATIVES ELECTED BY NATIONAL CONGREESS. AND EXECUTIVE DIRECTOR OF FUND.

3. OPERATIONS OF FUND WILL CONSISTS OF FOLLOWING:
1) FINANCE EXTERNAL COMPONENTS OF DOMESTIC INVESTMENT
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IN PETROLEUM, ENERGY, PETROCHEMICALS, STEEL,MINING, AND

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SHIPBUILDING PROJECTS IN VENEZUELA.
2) COMPLEMENTARY FINANCING OF MAJOR AGRICULTURAL AND MANUFACTURING PROJECTS FOR BOTH DOMESTIC AND EXPORT MARKET IN COMBINATION WITH FOREIGN AND LOCAL CREDITS.
3) ACQUIRE SHARES AND/OR PARTICIPATION IN FOREIGN FIRMS ESTABLISHED IN VENEZUELA.
4) DIRECT OR INDIRECT FINANCING OF FOREIGN PROJECTS IN WHICH THERE IS VENEZUELN PBULIC OR PRIVATE PARITICIPATIO.
5) DIRECT OR INDIRECT INVEETMENT IN FOREGN SECURITIES ABROAD.
6) DIRECT OR INDIRECT PARTICIPATON IN OVERSEAS FIRMS.
7) ESTABLISH OVERSEAS TRUST FUNDS.
8) PARTICIPATE WITH INTERNATIONAL FINANCIAL INSTITUTIONS IN FINANCING OVERSEAS PROJECTS.
9) BUYING AND SELLING OF ASSETS IN CONECTION WITH FINANCIAL TRANSACTIONS.
10) LEASING , ENGAGING IN JOINT VENTURES, AND PARTICIPATIN IN INTERNATIONAL CREDIT MARKETS.
11) ISSUING NATIONAL BONDS IN THE VENEZUELAN MARKET TO FINANCE ACTIVITIES SHOWN UNDER 5) AND 6).
12) MAKING INTERNATIONAL INVESTMENTS IN REAL ESTATE OR OTHER ASSETS IN ANY CURRENCY IN COOPERATION WITH INTER-NATIONAL FINANCIAL INSTITUTIONS.

4. WHILE VENEZUELAN INVESTMENT FUND S GIVEN OFFICIAL STATUS BY ABOVE STATUTE DELINEATING OPERATIONS, DETAILS OF SUCH OPERATIONS REMAIN TO BE FORMULATED. EMBASSY WILL FOLLOW AND REPORT DEVELOPMENTS.
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